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SUBJECT: GUYANA ECONOMIC & COMMERCIAL ROUND-UP
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Jagdeo Pursues Debt Relief, Treasury Ties in
Singapore

[1](#)1. Following his return from the annual IMF/World Bank board meeting in Singapore, President Bharrat Jagdeo made Guyana's case for Inter-American Development Bank (IDB) debt relief in a September 26 press conference. Jagdeo said Guyana is seeking the write-off of US\$400 million in IDB debt by year's end and will lobby the governments of Brazil, Mexico and Colombia to that end. Jagdeo also said that the USG is "sympathetic" to Guyana's case following his meeting with Assistant Secretary for International Affairs Clay Lowery in Singapore. Jagdeo called for a closer working relationship with the Treasury Department, saying that issues that are brought up at the Executive Directors' meetings in international development institutions could be resolved earlier through more direct interaction with Treasury.

Guyana-Suriname Maritime Boundary Dispute: Legal Teams to begin Oral
Arguments on December 7

[1](#)2. Guyana's and Suriname's legal teams will begin oral presentation of their case before the UN International Tribunal on the Law of the Sea (ITLOS) arbitral tribunal at the Organization of American States (OAS) Headquarters in Washington, DC from December 7. A ruling is expected next year. The two-part ruling would include whether or not the tribunal has jurisdiction to decide on the merits of the dispute and the award, which would essentially consist of a boundary line from the point of the coast where the sea meets the land for a distance of 200 miles. The award would be binding on both states, and it would constitute the internationally recognized maritime boundary between Guyana and Suriname as well as the right to exploit the resources on each side that may lie within the sea or under the sea. Settlement of the long-simmering border dispute would likely pave the way for resumption of oil exploration in the region.

Russian Firm interested in Linden Bauxite Operations

13. The Russian Aluminium Company (RUSAL), which operates Aroaima Bauxite Mine in the Berbice River, has expressed interest in acquiring Canadian firm Cambior's 70 percent share in Omai Bauxite Mining Inc (OBMI). RUSAL will also engage the Government of Guyana in discussion to negotiate the possible purchase of the GOG's 30 percent share in OBMI. RUSAL, which has a 90 percent holding in the Berbice River operation, is actively pursuing several ventures in Linden. This includes data collection and confirmation of existing bauxite deposits. The company has since received leases to advance its exploration and has commenced drilling of ore bodies to confirm location of deposits. RUSAL is conducting studies for the establishment of an aluminium plant in Linden with a production capacity of one million tons annually. RUSAL is reportedly also considering establishing a hydropower station in the Upper Mazaruni. The combined endeavours of RUSAL could see spending of US\$10 million - US\$20 million in feasibility and other studies over the next five years.

Cambior/IAMGOLD Merger Could Affect Guyanese Mining Operation

14. Meanwhile, IAMGOLD Corporation and Cambior Inc. agreed to a US\$3 billion transaction to create a new million ounce-plus gold producer and the world's tenth largest publicly-traded primary gold producer. A vote on the transaction is expected by Cambior shareholders in early November; a 75% favorable vote by Cambior's common shareholders is needed to approve the transaction. Cambior has operated in Guyana since 1990 as part of Omai Gold Mines Limited, and it also holds a significant stake in the Linden bauxite operations which it has indicated it is interested in selling. Of interest is how the merged business will approach these two

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investments in Guyana.

Stone Supply Shaky, Price Skyrockets - Cement Stable

15. The price of stone outside Georgetown has increased by almost 50 percent, and major users continue to complain of an unstable supply of stone. However, cement prices remain steady, retailing at G\$1,600 (US\$8) per sack in Georgetown. The construction industry expected stone prices to decrease and supply shortages to ease following quarry operator BK International Inc's assumption of the operation of the former Mazaruni Granite Products Ltd in May 2006. During a severe shortage last year and earlier this year, caused by a supply gap (Mazaruni had been producing at half capacity) and increased demand due to several large-scale construction projects, stone prices rose sharply outside Georgetown, with imports from Suriname reportedly keeping the construction industry alive in the eastern region of Berbice. Stone continues to be in short supply, leaving the two other major quarries--Baracara Quarries Inc. and Toolsie Persaud Ltd (TPL)--struggling to meet the construction industry's heavy demand for the aggregate.

Verification System for Timber Products being Crafftred

16. Minister of Agriculture Robert Persaud launched the process for a legal verification of timber products on September 15. Persaud noted that his ministry will look at making legislative and policy changes to foster the development of the forestry sector and to ensure sufficient due diligence checks on investors. The verification scheme is a joint effort between the Guyana Forestry Commission (GFC) and the Forest Products Marketing Council of Guyana, with assistance from USAID's Guyana Trade and Investment Support Project (GTIS), the World Wildlife Fund and the International Tropical Timber Organization. The development of the process is being carried out by ProForest, a natural resource management company from the United Kingdom. The process will last through to the end of this

year. The verification process should facilitate efforts to harvest timber resources in a sustainable manner while enabling Guyanese exports to access environmentally conscious markets overseas. GTIS' support to Guyana's timber industry has resulted in \$15+ million in signed and pending deals, with key international buyers considering establishing offices in Guyana and/or making direct investments in the wood products industry.

Inflation Watch: CPI-August 2006

17. The month of August 2006 recorded a 0.6% increase in the overall price level of consumer items monitored in the Urban (Georgetown) Consumer Price Index (CPI). The price index value accordingly moved from 218.3 in July to 219.6 in August 2006. This brings the year-to-date inflation rate to 4.4%, while year-on-year prices from August 2005 to August 2006 rose by 5.6%

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